

THE AMERICAS

Market and Trade Trends

Spotlight on Costa Rica: More Than a Tourist Destination

Costa Rica, signatory of CAFTA-DR (the Central America-Dominican Republic-U.S. Free Trade Agreement), bought almost \$287 million worth of food and agricultural products from the United States in fiscal 2004.

No newcomer to international trade agreements, the country has already signed on to several—the World Trade Organization; the Central American Common Market; bilateral agreements with Mexico, Chile, the Dominican Republic and Canada; and other international agreements and treaties on trade and intellectual property.

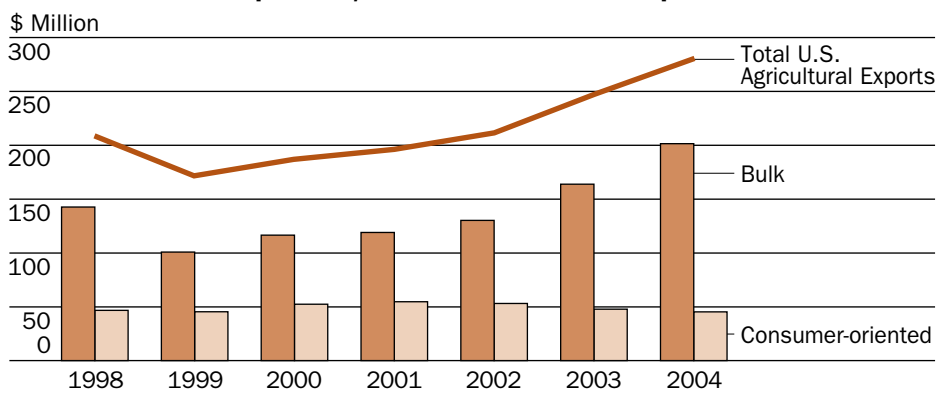
With reduced tariffs declining toward zero over the course of the agreement's implementation and improved market access, Costa Rica promises a significantly expanded market for U.S. food and agricultural suppliers.

CAFTA-DR will also make U.S. exporters more competitive with suppliers from other countries that already enjoy trade agreements with Costa Rica. Bilateral tariff preferences will go into effect once both countries have ratified the agreement.

The country is primarily a bulk market for U.S. farmers. The United States shipped \$201 million worth in fiscal 2004, with yellow corn, soybeans, wheat and rice heading the list.

However, U.S. consumer-oriented exports to Costa Rica, at \$45 million in fiscal 2004, also are an important segment and promise the greatest future growth.

Bulk Products Lead U.S. Exports Now; Consumer-Oriented Products Expected To Benefit From CAFTA



Stability, Democracy Reign

What makes Costa Rica a prime U.S. market in Central America is its years-long record of sustained economic growth. The country's GDP (gross domestic product) was up 5.6 percent in calendar 2003 reaching \$17.2 billion.

GDP growth was characterized by more dynamic evolution in transportation, warehousing, communications and manufacturing and, to a lesser extent, electricity, water production and financial intermediation and insurance.

The inflation rate remained stable at 9.87 percent during 2003. However, it is expected to increase in 2004 mainly as a result of rising oil prices.

Consumers Becoming More Affluent

The United States, Mexico and other Central American countries make up 67 percent of Costa Rica's total import volume. U.S. products made up a healthy 47 percent of food and agricultural imports in Costa Rica in 2003.

Consumer tastes are becoming increasingly varied. Several developments

Costa Rica's Economic Picture in 2003

GDP (gross domestic product)	\$17.2 billion
Per capita GDP	\$4,180
Exports	\$6.1 billion
Imports	\$7.6 billion
Inflation rate	9.87 percent

Source: Central Bank of Costa Rica

contribute to this trend: a young, mostly urban population making more money, more women working outside the home and tourism expansion.

Best prospects: fresh fruits, wines and spirits, pet foods, candy, fresh vegetables, packaged bread, pasta, sausages, frozen potatoes and sauces. There is also emerging interest in confectionery, dairy products and vegetable oils.

Industry experts predict good outlook for these products: juices, flavorings and other ingredients, salad dressings, beer, wines, liqueurs, snacks, microwaveable foods and canned products. ■

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